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# Program Memorandum Intermediaries

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Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal A-01-118

Date: SEPTEMBER 26, 2001

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## CHANGE REQUEST 1847

**SUBJECT: Clarification of Cost Reporting Policy in Change Request (CR) 1468, Concerning Submission of Home Office Cost Statements (HOCS) for Chain Home Offices**

### Purpose:

This Program Memorandum (PM) clarifies the policy in CR 1468, Transmittal A-01-82 dated July 3, 2001, for filing a chain's HOCS. It establishes the time frame for filing a timely HOCS, sets a specific due date by which chains should file HOCSs for fiscal years ending before September 1, 2001, and states the reimbursement policy when a HOCS is not submitted.

### HOCS Due Date:

CR 1468, which has an implementation date of September 1, 2001, states (at page 3) that all HOCS are to be submitted within 150 days of the Chain Home Office's fiscal year end (FYE). This instruction is being clarified to require chains to submit their HOCS on or before the last day of the fifth month following the close of the fiscal year if their fiscal year ends on the last day of the month; and, if their fiscal year ends on a day other than the last day of the month, on or before 150 days after the last day of their fiscal year.

### HOCS with FYEs Before September 1, 2001, the Effective Date of CR 1468:

To ensure that those chains that have not timely submitted HOCS are afforded ample opportunity to meet CMS' expectations, you are to inform each Chain Home Office that has failed to submit a HOCS for any fiscal year ending before September 1, 2001, that it has until January 31, 2002, to submit the HOCS for any such FYE.

If the Chain Home Office fails to submit a HOCS within that time frame, notify the Chain Home Office of its failure to submit a HOCS and the servicing intermediaries to issue a demand notice requiring repayment of Home Office Costs on all opened cost reports or cost reports that can be reopened. (See page 3 of CR 1468.)

### Reduction of Interim Payments:

CR 1468 further requires servicing intermediaries of the provider(s) to reduce interim payments to reflect the disallowance of any Home Office costs if the HOCS is not received timely. You are to apply this policy to all providers in a chain for fiscal years ending on or after September 1, 2000. Do not apply this policy for HOCS with fiscal years ending prior to September 1, 2000.

**The effective date for this PM is September 1, 2001.**

**The implementation date for this PM is October 31, 2001.**

**The instructions contained in this PM should be implemented within your current operating budget.**

**This PM may be discarded after December 31, 2002.**

**If you have any questions, contact Daniel Driscoll at (410) 786-4555.**

**CMS-Pub. 60A**